

Message Text

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TAGS: UNDP, EAID

SUBJECT: UNDP 19TH GOVERNING COUNCIL - AGENCY OVERHEAD

COSTS (AGENDA ITEM 16B)

SUMMARY. BUDGET AND FINANCE COMMITTEE AGREED TO INCREASE
IN OVERHEAD REIMBURSEMENT RATE TO 14 PERCENT OF PROJECT
COSTS.

1. ADMINISTRATOR'S PROPOSAL (AGENDA ITEM 16B) TO
INCREASE REIMBURSEMENTS TO IMPLEMENTING AGENCIES FOR
OVERHEAD COSTS FROM 13 TO 14 PERCENT OF PROJECT COSTS
INTRODUCED IN BUDGET AND FINANCE COMMITTEE BY DEPUTY
ADMINISTRATOR LINDSTROM WHO STATED AGENCIES REQUIRED DECISION
THIS SESSION FOR PLANNING PURPOSES. EFFORTS TO DEVELOP
MORE REFINED REIMBURSEMENT SYSTEM WOULD GO FORWARD BASED
ON EXCELLENT ANALYSIS OF PROBLEM AND SOUND RECOMMENDA-
TIONS CONTAINED BERTRAND JIU REPORT ON COST MEASUREMENT
SYSTEM (CMS) (DP/77/ADD.3).

2. IN DEBATE THERE WAS GENERAL AGREEMENT THAT CCAQ TASK
FORCE SHOULD CONTINUE ITS WORK BUILDING ON JIU REPORT
(WHICH ENTHUSIASTICALLY RECEIVED) LEADING TO REPORT
TO 24TH SESSION AND EVENTUALLY TO MORE PRECISE CMS.
MANY WERE STRUCK BY DIFFERENCES IN REPORTED ACTUAL
OVERHEADS OF VARIOUS AGENCIES. FRENCH NOTED THAT
IMPROVED CMS, OBJECT OF BERTRAND REPORT, WOULD BE
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BASIS FOR EVALUATION SYSTEM LEADING TO BETTER MEASURE-

MENT OF EFFICIENCY AND UTILIZATION OF RESOURCES, AND MORE RATIONAL DECISION OF AMOUNT TO BE REIMBURSED SPECIALIZED AGENCIES. IN MEANTIME ACCOUNT HAD TO BE TAKEN OF LEGITIMATE NEEDS OF AGENCIES. MANY, INCLUDING SWEDEN EXPRESSED SUPPORT FOR FULL REIMBURSEMENT OF "CLEARLY IDENTIFIABLE UNDP COSTS" WHEN SUCH COULD BE DETERMINED WITH ACCURACY. ACHIEVEMENT OF 14 PERCENT GENERALLY VIEWED AS PRAGMATIC INTERIM MEASURE.

3. ONLY BRAZIL AND DAHOMEY (WITH ARGENTINA MUDDYING THE WATERS) OPPOSED PROPOSED INCREASE. BRAZIL OBJECTED TO ANY ALLOCATION TO SA'S. NOTED GOVERNING BODIES SA'S HAD BEEN PUSHING FOR YEARS TO SHIFT TECHNICAL ASSISTANCE FROM REGULAR BUDGETS TO UNDP. "ONE OF MAIN DUTIES OF SA'S HOWEVER IS TO CARRY OUT TECHNICAL ASSISTANCE." INCREASE WOULD DEFEND PRESENT MONOPOLY POSITION OF SA'S TO WHICH BRAZIL OPPOSED. INDIA SPOKE IN FAVOR OF PROPOSED RATE INCREASE.

4. B&F COMMITTEE JAN 15 AGREED RECOMMEND TO PLENARY ADOPTION OF 14 PERCENT RATE FOR PERIOD 1974-1977 AND CONTINUATION OF BRETRAND STUDY WITH VIEW TO MAKING POSSIBLE CALCULATION OF ACTUAL SUPPORT COSTS. IT WAS HOPED STUDY WOULD LEAD TO ADOPTION NEW OVERHEAD REIMBURSEMENT SYSTEM TO BE EFFECTIVE DURING NEXT PROGRAMMING CYCLE. SCALI

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